

divestcap

From: Hale, Charles [charles@divestcap.com]
Sent: Tuesday, December 07, 2004 7:14 PM
To: Martin@pequotcap.com
Cc: Gal, Eldad
Subject: RE:

Follow Up Flag: Follow up
Flag Status: Flagged

Yo - I'll check with the big E, who is out of touch because he's on vacation and it's the first night of Hanukkah (or possibly because it's ultimately problematic at Sage for us to try to move along anything with a convertible debt component, even related to fundamentals-based maintenance deals). I don't know but raise the caution.

Eldad - This should have a be substantial margin of safety with good upside, but I'd need to do a fair amount of work crawling through the company to opine more definitively. The Senior is minimal, and the maint could support the margin of safety. I would guess GEAC is trying to bulk up for an acquisition. Regardless, we should jump in and take a close look.

Charles

Charles C. Hale
Mobile: 617 818 2222
NY Office: 212 651 9023
charles@divestcap.com

-----Original Message-----

From: Martin@pequotcap.com [<mailto:Martin@pequotcap.com>]
Sent: Tuesday, December 07, 2004 5:28 PM
To: Hale, Charles
Subject:

Yo! Geac wants to raise 200m in a pipe or combo debt deal. We could do 50m.
Would sage have an interest? We could do a convertible sub debt deal at a premium to market...?

Sent from my GoodLink Wireless Handheld (www.good.com)

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divestcap

From: Hale, Charles [charles@divestcap.com]
Sent: Saturday, December 18, 2004 5:25 PM
To: shlomo@gaialiv.com
Cc: Hill, Bruce; Gal, Eldad; Vgder, Avi
Subject: Year End SightLine GCI Reconciliation

Follow Up Flag: Follow up
Flag Status: Flagged

Shlomo,

We need to make the annual "product purchase payment" from SightLine to GCI. I would like to initiate the wire before Dec 26 since I may be going out of the country that day through Jan 2. In preparation for this wire:

- (a) Would you please fax me the October, November, and December GCI bank fax to +1 509 463 4239? I need these sheets to update the financials and calc the payments. I know you sent October once before but it would be helpful for me to get it again.
- (b) Can we please have a conference call sometime this week to discuss and agree on certain mechanics related to the above? Again, to arrive at an optimal structure, we need to have at least a quick conversation on this topic pretty soon.

GCI should be getting in an additional \$500k before year end, closing the year around \$2m. SSC could finish very strong with an additional \$1m right at year end or in the first week of Jan, closing the year at \$2.0 - \$2.5m.

Charlie

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702-988-1227**

divestcap

From: Hale, Charles [charles@divestcap.com]
Sent: Sunday, April 10, 2005 4:17 PM
To: Hill, Bruce
Cc: Vigder, Avi; Gel, Eldad
Subject: Law Suit
Attachments: DivestCap Arcus Engagement Letter.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Bruce--

The Arcus Group, a recruiter, has sued us in Texas for \$34,333 plus attorneys fees and interest. This amount is calculated based on the assumption that we owe Arcus for a commission on Emil's possible target bonus. We have already paid \$82,232 for the base comp.

Two things:

1. I guess we either try to settle or need an attorney. What does it take to void the Texas jurisdiction? The contract didn't specify jurisdiction.
2. All the bad things that David did are probably too "soft," I think, for us to have a defensible claim. The only outs I see in the contract are:
 - a. "Annualized first year compensation package" would technically be the annualized Dec 2004 payment to Emil. Under this definition, we have overpaid Arcus
 - b. The letter doesn't say when we have to calculate bonus

Eldad / Avi-- this isn't worth litigating but it has already started. Maybe we need to hire a cheapo attorney. Any thoughts?

Thanks,
Charlie

Charles C. Hale
DivestCap / Sage
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New York, NY 10021
Mobile: 617 818 2222
NY Office: 212 651 9023
charles@divestcap.com

www.sagecap.com
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divestcap

From: Hale, Charles [charles@divestcap.com]
Sent: Sunday, April 10, 2005 4:17 PM
To: Hill, Bruce
Cc: Vigder, Avi; Gal, Eldad
Subject: Law Suit
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Bruce -

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2. All the bad things that David did are probably too "soft," I think, for us to have a defensible claim. The only outs I see in the contract are:
 - a. "Annualized first year compensation package" would technically be the annualized Dec 2004 payment to Emil. Under this definition, we have overpaid Arcus
 - b. The letter doesn't say *when* we have to calculate bonus

Eldad / Avi - this isn't worth litigating but it has already started. Maybe we need to hire a cheapo attorney. Any thoughts?

Thanks,
Charlie

Charles C. Hale
DivestCap / Sage
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divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Friday, July 22, 2005 11:04 AM
To: Vigder, Avi; Sagi, Mor
Cc: Gilad; Gal, Eldad; Bruce Hill; Gotan, Daniel
Subject: Summit Update

Follow Up Flag: Follow up
Flag Status: Flagged

Shalom. Ani be-harvilia. Me'od netse khen be'einnai, kmo tamid.

A few notes on 2 things:

BSL MEETING

1. BSL appeared eager to invest \$1m - \$2m. Terms are not as important to them as the implicit commitment that we will do our best to make their investment successful. Very Japanese, I guess.
2. BSL desires that the funds invested be used related to an acquisition or similarly defined project that will (i) enhance the valuation of Summit, (ii) improve its fundamentals, and (iii) achieve an exit. BSL could be flexible related to this expectation if necessary.
3. BSL does not want to invest below a \$30m valuation. This valuation issue is the only area where BSL and we would differ (ignoring other considerations). Frankly, I wouldn't want to contribute 1 turn our debt (which has a 2x obligation + 1x bait back obligation on it) at that valuation. Since we can set the round price (others unlikely to fund), I'd rather pick up equity at a low valuation.
4. Capital and capital loss is not the issue for them so much as avoiding a write down in the next year. Write downs would be caused by (i) shareholders' equity deterioration, or (ii) selling below \$30m face.

SUMMIT

Mentor came in with an offer for just the legacy business of \$9m. We had expected \$10-12m. They say they aren't interested in the new businesses, a claim which is probably 80% true and 20% positioning. We're going to tell them to take a hike but, as usual, there's a good floor due to Vista if it's managed right.

We squeaked Q2 into EBITDA positive. Since we took over, the company has been that way. Bookings continue to be a slog - below a \$10m run rate but at least we're living within our means and the new product (Vista) is showing good promise.

We documented our \$5m preference.

OTHER

Good deal pipeline & working hard. I am confident our day will come and we will get some good ones.

Charlie

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Monday, August 29, 2005 11:04 PM
To: Gal, Eldad; Klein, Nathaniel; Michelle Yi
Subject: Promising Illiquid PIPE + Japan

Follow Up Flag: Follow up
Flag Status: Flagged

Will either of you be around before Sam to discuss?

Promising Japan magic, although some limitations. Importantly, company has cleared willingness to do a convert.

The core asset - a 10m rev business - produces cash, and probably has decent collateral value (\$m) - hard to know for sure but smells right.

The call option business could be that rare real grower. It appears to be ramping from 500k to 2m, but with the 2m being close to a trail (9/30 year end). Solid reference accounts if even 20% of what was represented. It is tackling a major problem. We will be able to verify if the solution works pretty easily.

40% of revs in Japan.

I'd like to lock in on this one asap.

I assume there will be no market hedge. Therefore, how about we do a vando-style CA where we get a limited and restricted amount of non-public info. We move rapidly toward a term sheet with sufficient collateral value. It will be conditioned, of course, and non-binding but exclusive. Meanwhile, we sell the company on our voice add in Japan.

If you have concerns on engaging on this path, please let me know. In the meantime, I think it's prudent to put on the market, take a look, and move fast and decisively (albeit conditioned) until and unless we learn we should do otherwise.

Charlie

660 Madison Ave., Floor 21
 New York NY 10021
charles@divestcap.com
 Tel: 617 818 2222

-----Original Message-----

From: Charles Hale <charles@divestcap.com>
To: 'swesterberg@streamtheoryinc.com' <swesterberg@streamtheoryinc.com>
CC: 'hamilga@hotmail.com' <hamilga@hotmail.com>; Michelle Yi <michelle@divestcap.com>; 'nathaniel@sagecap.com' <nathaniel@sagecap.com>; 'eldad@sagecap.com' <eldad@sagecap.com>
Sent: Mon Aug 29 22:42:28 2005
Subject: Re:

Steig - we are unusually excited about the company you have been building, your team, what you will achieve, and how Sage can help you reach those achievements.

We will be in touch with Gary Tues afternoon, and are looking forward to next steps.

Sincerely,
 Charlie

660 Madison Ave., Floor 21
 New York NY 10021
charles@divestcap.com
 Tel: 617 818 2222

-----Original Message-----

From: Steig G. Westerberg <swesterberg@streamtheoryinc.com>
To: Charles Hale <charles@divestcap.com>
CC: Gary Hamikon <hami1ga@hotmail.com>
Sent: Mon Aug 29 18:33:50 2005
Subject: Re:

Thanks for your contact info. Looking forward to next steps.

Steig

----- Original Message -----

On Fri, 26 Aug 2005 14:56:32 -0400 "Charles Hale" <charles@divestcap.com>
wrote:

>Email

>

>

>

>Charles C. Hale

>DivestCap / Sage

>660 Madison Avenue, Floor 21

>New York, NY 10021

>Mobile: 617 818 2222

>NY Office: 212 651 9023

>charles@divestcap.com

>

>www.sagecap.com

>www.divestcap.com

>

>

>

divestcap

From: charles@hale.bz
Sent: Friday, September 30, 2005 2:54 PM
To: rjs@investigativemanagement.com; cew@investigativemanagement.com; nir@rstel.com
Cc: Gal, Eldad; Klein, Nathaniel; Bruce Hib; Michelle Yi; Steinmetz, Raz

Importance: High

Follow Up Flag: Follow up
Flag Status: Flagged

Dan and Bob - The wire has been sent. You may not have it until Monday. Please begin, however. You have my word that I would cover IMS if the retainer were not to go through for any reason.

Nir -- very important question: can you or your colleagues give us any personal information about the three people we are researching including:

- social security numbers
- home addresses
- dates of birth

These would very materially help speed the investigation and lower its cost.

My email is not working while we are moving servers. Please use CHARLES@HALE.BZ in the interim. Thank you.

Charlie

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Tuesday, October 04, 2005 3:33 PM
To: swesterberg@streamtheoryinc.com
Cc: Michelle Yi
Subject: Sage Term Sheet v5.0.doc
Attachments: Sage Term Sheet v5.0.doc

Follow Up Flag: Follow up
Flag Status: Flagged

Ste/g,

Please see attached for the edits we discussed. Hitting \$4.1m was a tiny bit short of the Aug 24 plan but a remarkable achievement nonetheless. Not many companies can execute on year-to-year 10x revenue growth (particularly in face of significant structural barriers). Really nice job.

I will be calling you back shortly to reconvene on the three options we have been working through.

Charlie

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Monday, November 07, 2005 8:16 PM
To: Gal, Eldad
Subject: FW: Kana -- call them ASAP.

Follow Up Flag: Follow up
Flag Status: Flagged

Eldad -- I told SRA (i) we couldn't pay them the requested fee, and (ii) you had terminal concerns about John Thompson. This is what I got back.

If we ignored the CFO, this is my top opportunity.

- (a) Fields (the new CEO) is A+. He was President of Oracle, and a big exec at Burroughs (which is important to SightLine). Numerous people I know like him as a person and recommend him as a CEO
- (b) Stock has upside -- just beat my plan. New customer wins, size of deals increasing
- (c) Safety is there up to \$25m debt -- v.v.v. embedded SW.
- (d) Company may not want Nighthawk to accumulate

I know we got burned because I was dumb enough to re-enter a recent deal proposal from a very bad person. Thoughts here?

Charlie

Charles C. Hale
Mobile: 617 818 2222
NY Office: 212 651 9823
charles@divestcap.com

From: David Dohrmann [mailto:DDD@sracap.com]
Sent: Monday, November 07, 2005 1:44 PM
To: Charles Hale
Cc: garyh@sracap.com; david@sracap.com
Subject: RE: Kana -- call them ASAP.

Mike Shannahan connected with Mike Fields on Friday afternoon and debriefed him. Fields was warm to the idea, is expecting a call and would like to meet with you -- I think you can get him to NYC asap.

Charlie, Feel free to call Mike Fields directly today; I will call him now just to give him a heads up that you will be calling him. Shannahan has paved the way and said to me that the board would no doubt be in favor of a nice funding event.

When you get with Fields on the phone, reference that you are the fund that Mike Shannahan told him about on Friday. I also think it adds value to mention that you have been interested in Kana for quite some time and are very excited to hear that Fields wants to turn Kana around and be a consolidator in the space. I would tell Fields that you can get this done very fast given all the due diligence that you have done thus far.

If you are willing to sign an NDA, I think you can get comfortable with the fact that there are no smoking guns on the financials that would impact Kana's future. Thus, you could fund before the filings are current.

As per John Thompson, he aware that it was Thompson who brought Fields in to Kana's BOD — they were together at Oracle many moons ago. So Fields likes JT — meaning that whatever feelings you have about JT you need to leave at the door. Besides, Fields is the man. I also think JT was really hamstrung by Chuck Bay when we were trying to do something earlier this year.

Here were the key points I discussed with Shannahan:

1. Sage could come in and provide working capital — AND — take out SVB's senior debt position
2. The structure would be a convert. At a nice premium with warrants in the mid 2's
3. that you want a relationship — you want to be the financial rock Fields can go to
4. you want to help Fields down the road as in providing funds for buyouts
5. you can fund NOW as opposed to waiting until the filings are current — as long as you get a look at the financials under NDA

I know this is the strategy now — Kana is looking to add to their BOD someone who has deep M&A experience.

As per how big this convert should be, I would say the balance sheet info will determine this. But my guess is to give them 10,000,000 in working capital plus take out SVB (I bet they have 5,000,000 tapped) — we would be looking at a 15,000,000 deal.

I stressed to Mike S. that the combination of the following could really help Kana stock in the next 12 months.

1. A new CEO who will stay on (done)
2. Chuck Bay leaving (done)
3. evidence of a uptick in license revenue (apparently happening)
4. getting current on filings (done by December)
5. an outlook for return to profits in 2008 (given #3 a good possibility)
6. strengthening of balance sheet (Sage puts money into Kana and takes out all other debt holders)

Verity just sold out for 2x sales — If Kana gets back to a 60,000,000 run rate I could see 2x sales as well — or a \$4 stock price.

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Sunday, November 13, 2005 7:07 PM
To: mdale@proskauer.com; Gal, Eldad; Golan, Daniel;
Cc: Klein, Nathaniel; Bruce Hill; Michelle Yi; AKansler@proskauer.com
Subject: Re: Proskauer Meeting

Follow Up Flag: Follow up
Flag Status: Flagged

Ok. Thanks, Margaret.

Charlie

-----Original Message-----

From: Dale, Margaret A. <mdale@proskauer.com>
To: Charles Hale <charles@divestcap.com>; Gal, Eldad <Eldad@sagecap.com>; Danny Golan <daniel@sagecap.com>
CC: nathaniel@sagecap.com <nathaniel@sagecap.com>; Bruce Hill <bruce@divestcap.com>; Michelle Yi <michelle@divestcap.com>; Kansler, Adam J. <AKansler@proskauer.com>
Sent: Sun Nov 13 17:08:08 2005
Subject: RE: Proskauer Meeting

Charlie:

I think this is a good summary.

With respect to point 1(a), I would not go so far as to say that you had a "duty to talk to Lehman". What I meant was that once you were sent all of the documents prepared to paper the Lehman deal (I think you characterized the stack as very thick and clearly prepared by counsel), it was reasonable for you to contact them to find out what was the state of their relationship with RelationServe. If you had proceeded to use the Lehman documents as the basis of a deal with RelationServe, you would no doubt face a tortious interference claim from Lehman.

I will dictate my notes of the interviews and provide those to you and Nathaniel for review. We can then discuss next steps.

Margaret

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Sunday, November 13, 2005 4:22 PM
To: Gal, Eldad; Danny Golan
Cc: nathaniel@sagecap.com; Bruce Hill; Michelle Yi; Dale, Margaret A.
Subject: Proskauer Meeting

SUBJECT TO ATTORNEY CLIENT PRIVILEGE

Nathaniel's and my separate meetings today with Margaret Dale at Proskauer seemed very positive. I will give you more of an update in person (and let Margaret respond if I have missed material issues) but here are a few summary points:

1. It will be very difficult for Brauser to find a bona fide cause of action against us.

a. Counsel believes we actually had a duty to talk to Lehman once we were emailed their docs. Doing otherwise would have been a clear risk of tortious interference. We made the right decision there legally and ethically.

b. Even if we had been under NDA with the company, which we were not, it would be very hard for the company to characterize initial discussions with Lehman as being in violation of any implied NDA (were such a thing admissible) given the company's identification of them as the other party. The seriousness of a potential public company fraud, and the concept of co-investing, would arguably make our actions even harder for the company to contest even if we had been under NDA (which, again, to our knowledge, we were not).

c. Our emails to the company, based on our current knowledge of all sent emails, were prudent, heavily conditioned, and proper.

d. Our view of the situation appeared to hold up under scrutiny from Margaret: namely that we were being used as a stalking horse, and that this strategy backfired badly on the company.

2. Our internal emails show less caution than our external ones. While not unfavorable, they lack the care the external emails take to express the legitimate conditions, concerns, and requirements that are part of our external expressions of interest. Margaret has asked me what our email retention policy is. I could not answer. While we need to retain all emails whenever the possibility of litigation arises, we also make sure we follow a consistent and documented retention practice.

3. Margaret will be summarizing results and preparing an affidavit. More aggressive steps for the moment seem inadvisable, although it is likely that Brauser could try to sue, since that appears to have been his modus operandi.

Charlie

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From: Bruce Hill [bruce@divestcap.com]
Sent: Tuesday, November 15, 2005 3:41 PM
To: Charles Hale; Gai, Eldad; Klein, Nathaniel
Cc: Michelle Yi
Subject: RE: Sage Term Sheet 15 Nov 05.doc
Attachments: Sage Term Sheet 15 Nov 05 [BGH Comments].doc

Follow Up Flag: Follow up
Flag Status: Flagged

Hope this is intelligible

From: Charles Hale
Sent: Tuesday, November 15, 2005 2:57 PM
To: 'Gai, Eldad'; 'nathaniel@sagecap.com'
Cc: Michelle Yi; Bruce Hill
Subject: Sage Term Sheet 15 Nov 05.doc

For your review...

Charlie

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Wednesday, November 30, 2005 4:56 PM
To: Halbower, Matthew
Cc: Bruce
Subject: RE: contact info.
Attachments: Sighline Financial Statements 12-31-04.pdf; SignedDeephAgreement.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Matthew,

Please find attached the company's audited financials, as well as the debt purchase agreement.

To get you a number, I will have to calculate the impact of the 15% IRR hurdle and the offset for the return of invested capital, which I will do in the next few days and send to you. Before taking into account those items, which could be significant, Deephaven and Harp are owed by us collectively approximately \$13,788.40 for 2003 and 2004.

I think 2005 will be less profitable than 2004 but more profitable than 2003. I will check with the appropriate personnel.

Best regards,
Charlie

Charles C. Hale
Mobile: 617 818 2222
NY Office: 212 551 9823
charles@divestcap.com

-----Original Message-----

From: Halbower, Matthew [mailto:mhalbow@deephavenfunds.com]
Sent: Wednesday, November 30, 2005 4:31 PM
To: Charles Hale
Subject: contact info.

contact info.

matthew halbower
deephaven capital management
130 cheshire lane #102
minnetonka, mn 55391
952-249-5510 (work)
952-249-5384 (fax)

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divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Thursday, December 01, 2006 2:42 PM
To: Bruce; Michelle Yi
Cc: Gal, Eldad
Attachments: Deephaven Royalties.xls

Follow Up Flag: Follow up
Flag Status: Flagged

Based on the SSC audited financials and the IRR hurdle, I calculate no royalties due yet.

Bruce - I'll walk you through this & we can discuss.

Charlie

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CHARLES@DIVESTCAP.COM

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WWW.DIVESTCAP.COM

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Thursday, December 15, 2005 9:34 PM
To: Gal, Eldad
Subject: Re: Thank you

Follow Up Flag: Follow up
Flag Status: Flagged

Eldad - let's move the mtg to 1pm or later. I'm not getting in for a while. Thx

-----Original Message-----

From: Gal, Eldad <Eldad@sagecap.com>
To: Charles Hale <charles@divestcap.com>
Sent: Thu Dec 15 21:02:50 2005
Subject: RE: Thank you

NO he is not on. Just you and me. In any event just let me know I have delayed my travel plans a day so I will be around most of the day.

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Thu 12/15/2005 8:43 PM
To: Gal, Eldad
Subject: Re: Thank you

I hope so. Is the guy definitely on for 9am? I haven't heard anything. Stuck in richmond with two flights cancelled. Think I can at least make it to philly

-----Original Message-----

From: Gal, Eldad <Eldad@sagecap.com>
To: Charles Hale <charles@divestcap.com>
Sent: Thu Dec 15 19:47:11 2005
Subject: RE: Thank you

Are we on for tomorrow @ 9?

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Thu 12/15/2005 7:31 PM
To: Michael Mullerkey@WorkStreamInc.com; Michelle Yi
Cc: gcrvh@sagecap.com
Subject: Re: Thank you

Michael,

We enjoyed meeting you very much, and would like to be long-term backers for Workstream and your team. Have you had a chance to circle back with your CFO? We have been discussing the company with Dave D and Gary, and are ready to move ahead expeditiously when you are.

Best regards,
Charlie

660 Madison Ave., Floor 21
New York NY 10021
charles@divestcap.com
Tel: 617 818 2222

—Original Message—

From: Mullarkey, Michael - Workstream <Michael.Mullarkey@WorkStreamInc.com>
To: Charles Hale <charles@divestcap.com>; Michelle Yi <michelle@divestcap.com>
Sent: Thu Dec 08 11:53:25 2005
Subject: Thank you

Charles and Michelle,

Thank you for your time yesterday to discuss Divest Cap/Sage and Workstream.

I enjoyed our meeting and understand your approach to the software market. As a next step, I'll be speaking with our CFO and get back to you on our thoughts.

Cheers,

Michael

divestcap

From: Charles Hale [charles@divestcap.com]
Sent: Saturday, December 17, 2005 6:24 PM
To: Kansler, Adam J.; Michelle Yi
Cc: Bruce Hill; Gai, Eldad
Subject: RE: Term Sheet 1
Attachments: STI-ETI Timing & Diligence Overview 17 Dec 05 (EXCERPT).DOC

Follow Up Flag: Follow up
Flag Status: Flagged

Adam - thanks. Here is where I am going with the list.

Charlie

Charles C. Hale
Mobile: 617 818 2222
NY Office: 212 651 9823
charles@divestcap.com

-----Original Message-----

From: Kansler, Adam J. [mailto:AKansler@proskauer.com]
Sent: Saturday, December 17, 2005 6:19 PM
To: Charles Hale; Michelle Yi
Cc: Bruce Hill; eldad@sagecap.com
Subject: RE: Term Sheet 1

For a deal like this, it think a VC type diligence list would make sense. This means you will be getting information that may be non-public. That's okay - just want to be sure that fact (and the related trading issues) are on the radar.

I send you something in the morning.

-----Original Message-----

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Saturday, December 17, 2005 5:17 PM
To: Kansler, Adam J.; Michelle Yi
Cc: Bruce Hill; eldad@sagecap.com
Subject: RE: Term Sheet 1

Adam,

Do you have a standard legal diligence list for a transaction like the Stage I PIPE?

Thanks.

Charlie

Charles C. Hale
Mobile: 617 818 2222
NY Office: 212 651 9823
charles@divestcap.com

-----Original Message-----

From: Kansler, Adam J. [mailto:AKansler@proskauer.com]
Sent: Wednesday, December 14, 2005 6:45 PM
To: Michelle Yi; Charles Hale; eldad@sagecap.com
Cc: Bruce Hill
Subject: RE: Term Sheet 1

Citibank, N.A.
111 Wall St.
N.Y., N.Y. 10005
Proskauer Rose LLP
Acct. No.: 028-38341
ABA #: 021-000089

-----Original Message-----

From: Michelle Yi [mailto:michelle@divestcap.com]
Sent: Wednesday, December 14, 2005 6:41 PM
To: Kansler, Adam J.; Charles Hale; eldad@sagecap.com
Cc: Bruce Hill
Subject: RE: Term Sheet 1

Adam,

I don't see the wiring info in the attachment. Could you please resend?

Thanks,

Best,
Michelle

-----Original Message-----

From: Kansler, Adam J. [mailto:AKansler@proskauer.com]
Sent: Wednesday, December 14, 2005 5:16 PM
To: Charles Hale; eldad@sagecap.com
Cc: Michelle Yi; Bruce Hill
Subject: Re: Term Sheet 1

Attached. Will call you later.

-----Original Message-----

From: Charles Hale <charles@divestcap.com>
To: Kansler, Adam J. <AKansler@proskauer.com>; eldad@sagecap.com
<eldad@sagecap.com>
Cc: Michelle Yi <michelle@divestcap.com>; Bruce Hill
<bruce@divestcap.com>
Sent: Wed Dec 14 16:41:31 2005
Subject: Re: Term Sheet 1

Adam - terrific. Could we get your wire info to send the first
installment of our fee coverage to? Thanks. Charlie

-----Original Message-----

-----Original Message-----

From: Kansler, Adam J. [mailto:AKansler@proskauer.com]
Sent: Wednesday, December 14, 2005 6:45 PM
To: Michelle Yi; Charles Hale; eldad@sagecap.com
Cc: Bruce Hill
Subject: RE: Term Sheet 1

Citibank, N.A.
111 Wall St.
N.Y., N.Y. 10005
Proskauer Rose LLP
Acct. No.: 028-38341
ABA #: 021-000089

-----Original Message-----

From: Michelle Yi [mailto:michelle@divestcap.com]
Sent: Wednesday, December 14, 2005 6:41 PM
To: Kansler, Adam J.; Charles Hale; eldad@sagecap.com
Cc: Bruce Hill
Subject: RE: Term Sheet 1

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Thanks.

Best,
Michelle

-----Original Message-----

From: Kansler, Adam J. [mailto:AKansler@proskauer.com]
Sent: Wednesday, December 14, 2005 5:16 PM
To: Charles Hale; eldad@sagecap.com
Cc: Michelle Yi; Bruce Hill
Subject: Re: Term Sheet 1

Attached. Will call you later.

-----Original Message-----

From: Charles Hale <charles@divestcap.com>
To: Kansler, Adam J. <AKansler@proskauer.com>; eldad@sagecap.com
<eldad@sagecap.com>
Cc: Michelle Yi <michelle@divestcap.com>; Bruce Hill
<bruce@divestcap.com>
Sent: Wed Dec 14 16:41:31 2005
Subject: Re: Term Sheet 1

Adam - terrific. Could we get your wire info to send the first installment of our fee coverage to? Thanks. Charlie

-----Original Message-----

From: Kansler, Adam J. <AKansler@proskauer.com>
To: eldad@sagecap.com <eldad@sagecap.com>
CC: Charles Hale <charles@divestcap.com>
Sent: Wed Dec 14 15:37:09 2005
Subject: Re: Term Sheet 1

Yes, would like to do it.

-----Original Message-----

From: Gal, Eldad <Eldad@sagecap.com>
To: Kansler, Adam J. <AKansler@proskauer.com>
CC: Charles Hale <charles@divestcap.com>
Sent: Wed Dec 14 15:13:28 2005
Subject: FW: Term Sheet 1

Do you have time?

From: Charles Hale [mailto:charles@divestcap.com]
Sent: Wednesday, December 14, 2005 2:31 PM
To: Vigder, Avi; Gal, Eldad; Michelle Yi; Bruce
Subject: FW: Term Sheet 1

FYI...

Charles C. Hale
Mobile: 617 818 2222
NY Office: 212 651 9023
charles@divestcap.com <BLOCKED::mailto:charles@divestcap.com>

From: DLeeUK@aol.com [mailto:DLeeUK@aol.com]
Sent: Wednesday, December 14, 2005 2:12 PM
To: Charles Hale
Cc: swesterberg@streamtheoryinc.com; mark.kettenar@ed.tadpole.com;
john@diltsventures.com; Paul.Tibbles@ed.tadpole.com
Subject: Term Sheet 1

Charles,

Attached is a signed copy of Term Sheet 1. I have sent you the board minute extract by separate email. The password for that file is "Board".